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## **TOWN OF DELHI, LOUISIANA**

*Financial Statements  
For the Year Ended September 30, 2006*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-21-07



TOWN OF DELHI, LOUISIANA  
FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2006  
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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## INDEPENDENT AUDITORS' REPORT

The Honorable Lynn Lewis, Mayor,  
And the Members of the Board of Aldermen  
Delhi, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Delhi, Louisiana as of and for the year ended September 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Delhi, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Delhi, Louisiana, as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 19, 2007, on our consideration of the Town of Delhi, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis and budgetary comparison information on pages 2 through 13 and 35 through 41, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Cameron, Hines & Hartt (APAC)*

West Monroe, Louisiana  
January 19, 2007

**REQUIRED SUPPLEMENTAL INFORMATION - PART I**

## TOWN OF DELHI, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) for the Town of Delhi is designed to:

1. Assist the reader in focusing on significant financial issues;
2. Provide an overview of the Town's financial activities;
3. Identify changes in the Town's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
4. Identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and
5. Identify individual fund issues or concerns.

As management of the Town of Delhi, we offer readers of the Financial Statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2006.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and other Required Supplemental Information (RSI) that is provided in addition to this MD&A.

Overview of the Financial Statements

The MD&A requires supplementary information that introduces the reader to the basic financial statements and provides an overview of the Town's financial activities. The Town's basic financial statements consist of the following components:

1. Government-wide financial statements,
2. Fund financial Statements, and
3. Notes to the financial statements.

## TOWN OF DELHI, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements (Continued)

Other required supplementary information, including the required budgetary comparison schedule(s) are presented immediately following the notes to the financial statements. A general description of the components of the basic financial statements follows below, with a more detailed analysis of the government-wide statements included in a later section entitled "Government-Wide Financial Analysis".

**1. Government-Wide Financial Statements**

The Government-Wide Financial Statements (see pages 14 to 15) are designed to present the financial operations of the Town as a whole in a format similar to private sector companies. All governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

The focus is on the government-wide (entity-wide) "Statement of Net Assets" and "Statement of Activities" to give the reader a broad overview of the Town's financial position and results of operations.

- a. The Statement of Net Assets presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or weakening.
- b. The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (general government, public safety, public works and streets) reduced by the Program Revenues (charges for services, operating grants and contributions, and capital grants and contributions) directly related to each respective function, to determine net costs of each function. The net costs of each function are normally covered by general revenues.

**2. Fund Financial Statements**

The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Town of Delhi uses two categories of funds to account for financial transactions: governmental funds, and proprietary funds.

## TOWN OF DELHI, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements (Continued)

## 2. Fund Financial Statements (Continued)

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The Town of Delhi's governmental funds include the following:

- a. General Fund used for accounting for the Town's basic services.
- b. Special Revenue Fund – Sales Tax Fund is used for accounting for the receipts and disbursements of the sales tax monies.
- c. Capital Projects Fund used for accounting for financial transactions under a Louisiana Community Development Block Grant.
- d. Debt Service Fund used for accounting for the transfers and payments of monies used to retire debt of the Town.

The Proprietary Fund accounts for water and sewer services for the Town of Delhi. Enterprise funds are used to account for the same functions as business-type activities presented in the government-wide financial statements, but the fund presentation provides more detail. The proprietary fund financial statements can be found on pages 20 to 23 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Whereas the Total column on the Enterprise Fund Financial Statements is the same as the Business-Type column of the Government-Wide Financial Statements, the governmental funds columns of the Fund Financial Statements require and include a reconciliation following the Balance Sheet (reconciliation on page 17) and the Statement of Revenues, Expenditures and Changes in Fund Balances (reconciliation on page 19).

## 3. Notes to the Financial Statements

The Notes to the Financial Statements provide information essential to a full understanding of the government-wide and fund financial statements. When reviewing this MD&A, the reader should also refer to and review the Notes to the Financial Statements (beginning on page 24), as well as the Government-Wide and Fund Financial Statements (included on pages 14 to 23).

## TOWN OF DELHI, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements (Continued)

## 4. Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplemental information concerning the Town's budget presentations. Budgetary comparison statements are included as "required supplemental information (Part II)" for the general, special revenue, capital project, and proprietary funds. These schedules demonstrate compliance with the Town's adopted and final revised budget. This information can be found on pages 35 to 40 of this report.

Government-Wide Financial Analysis

The Town implemented the new financial reporting model used in this report beginning with the fiscal year ended September 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole.

The Town's net assets at September 30, 2006, are \$10,830,121. The following table provides a summary of the Town's net assets:

	<u>Summary of Net Assets</u>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Percentage Total</u>
Assets:				
Current assets and other assets	\$ 1,446,964	\$ 668,699	\$ 2,115,663	18%
Restricted assets	218,884	447,397	666,281	6%
Capital assets	<u>6,203,942</u>	<u>2,746,925</u>	<u>8,950,867</u>	<u>76%</u>
Total Assets	<u>7,869,790</u>	<u>3,863,021</u>	<u>11,732,811</u>	<u>100%</u>
Liabilities:				
Current liabilities	227,052	95,593	322,645	36%
Long-Term liabilities	<u>309,000</u>	<u>271,045</u>	<u>580,045</u>	<u>64%</u>
Total Liabilities	<u>536,052</u>	<u>366,638</u>	<u>902,690</u>	<u>100%</u>
Net Assets:				
Investment in Capital Assets	6,203,942	2,746,925	8,950,867	83%
Restricted	218,884	447,397	666,281	6%
Unrestricted	<u>910,912</u>	<u>302,061</u>	<u>1,212,973</u>	<u>11%</u>
Total Net Assets	<u>\$ 7,333,738</u>	<u>\$ 3,496,383</u>	<u>\$ 10,830,121</u>	<u>100%</u>



## TOWN OF DELHI, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis (Continued)

The Town's net assets at September 30, 2005, are \$10,724,997. The following table provides a summary of the Town's net assets:

	<u>Summary of Net Assets</u>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Percentage Total</u>
<b>Assets:</b>				
Current assets and other assets	\$ 1,163,007	\$ 719,898	\$ 1,882,905	16%
Restricted assets	288,743	320,142	608,885	5%
Capital assets	<u>6,518,670</u>	<u>2,601,071</u>	<u>9,119,741</u>	<u>79%</u>
Total Assets	<u>7,970,420</u>	<u>3,641,111</u>	<u>11,611,531</u>	<u>100%</u>
<b>Liabilities:</b>				
Current liabilities	346,166	85,368	431,534	49%
Long-Term liabilities	<u>455,000</u>	<u>-</u>	<u>455,000</u>	<u>51%</u>
Total Liabilities	<u>801,166</u>	<u>85,368</u>	<u>886,534</u>	<u>100%</u>
<b>Net Assets:</b>				
Investment in Capital Assets	6,518,670	2,601,071	9,119,741	85%
Restricted	288,743	263,592	552,335	5%
Unrestricted	<u>361,841</u>	<u>691,080</u>	<u>1,052,921</u>	<u>10%</u>
Total Net Assets	<u>\$ 7,169,254</u>	<u>\$ 3,555,743</u>	<u>\$ 10,724,997</u>	<u>100%</u>

The Town maintains a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 6.37 to 1 and 6.99 to 1 for business-type activities as of September 30, 2006, and 3.36 to 1 and 8.43 to 1 as of September 30, 2005. The Town's overall current ratio is 6.5 to 1 as of September 30, 2006, and 4.4 to 1 as of September 30, 2005. These ratios indicate a strong current financial position.

The Town reported positive balances in net assets for both governmental and business-type activities for the years ended September 30, 2006 and 2005. Net assets increased in governmental activities by \$164,484, and decreased in business-type activities by \$59,360. The Town's overall financial position improved during the fiscal year ending September 30, 2006, as total net assets increased by .98%. The Town's net assets for the year ended September 30, 2005, increased in governmental activities by \$65,976, and increased in business-type activities by \$70,986. The Town's overall financial position improved during the fiscal year ending September 30, 2005, as total net assets increased by 1.29%.

## TOWN OF DELHI, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis (Continued)

The largest category of net assets is "Investment in Capital Assets", and comprises 85% of net assets. This category reflects the total invested in capital assets (land, buildings, equipment, infrastructure, utility system improvements, etc.). These capital assets are used to provide services to citizens and do not represent resources available for future spending.

Condensed Statement of Activities – September 30, 2006

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Percentage Total</u>
Revenues:				
Program:				
Charges for services	\$ 502,206	\$ 876,749	\$ 1,378,955	56%
Operating grants and contributions	48,558	-	48,558	2%
Capital grants and contributions	25,000	-	25,000	1%
General:				
Property tax	119,652	-	119,652	5%
Franchise tax	78,639	-	78,639	3%
Sales tax	603,238	-	603,238	25%
Interest	45,584	20,335	65,919	3%
Other	116,769	588	117,357	5%
Total revenues	<u>1,539,646</u>	<u>897,672</u>	<u>2,437,318</u>	<u>100%</u>
Program expenses:				
General government	998,297	-	998,297	43%
Public safety:				
Police	381,839	-	381,839	16%
Fire	25,993	-	25,993	1%
Public works	33,000	-	33,000	1%
Streets	224,071	-	224,071	10%
Interest	16,867	-	16,867	1%
Water and Sewer	-	652,127	652,127	28%
Total expenses	<u>1,680,067</u>	<u>652,127</u>	<u>2,332,194</u>	<u>100%</u>
Excess (deficiency)	(140,421)	245,545	105,124	
Transfers	<u>304,905</u>	<u>(304,905)</u>	<u>-</u>	
Change in Net Assets	164,484	(59,360)	105,124	
Beginning Net Assets	<u>7,169,254</u>	<u>3,555,743</u>	<u>10,724,997</u>	
Ending Net Assets	<u>\$ 7,333,738</u>	<u>\$ 3,496,383</u>	<u>\$10,830,121</u>	

## TOWN OF DELHI, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis (Continued)Condensed Statement of Activities – September 30, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Percentage Total</u>
Revenues:				
Program:				
Charges for services	\$ 675,870	\$ 856,874	\$ 1,532,744	62%
Operating grants and contributions	84,337	-	84,337	3%
Capital grants and contributions	75,000	-	75,000	3%
General:				
Property tax	113,326	-	113,326	5%
Franchise tax	73,946	-	73,946	3%
Sales tax	501,096	-	501,096	20%
Interest	19,532	12,948	32,480	1%
Other	76,820	5,357	82,177	3%
Total revenues	<u>1,619,927</u>	<u>875,179</u>	<u>2,495,106</u>	<u>100%</u>
Program expenses:				
General government	1,012,904	-	1,012,904	43%
Public safety:				
Police	426,025	-	426,025	18%
Fire	23,791	-	23,791	1%
Public works	57,971	-	57,971	2%
Streets	231,583	-	231,583	10%
Interest	20,744	-	20,744	1%
Water and Sewer	-	585,126	585,126	25%
Total expenses	<u>1,773,018</u>	<u>585,126</u>	<u>2,358,144</u>	<u>100%</u>
Excess (deficiency)	(153,091)	290,053	136,962	
Transfers	<u>219,067</u>	<u>(219,067)</u>	<u>-</u>	
Change in Net Assets	65,976	70,986	136,962	
Beginning Net Assets	<u>7,103,278</u>	<u>3,484,757</u>	<u>10,588,035</u>	
Ending Net Assets	<u>\$ 7,169,254</u>	<u>\$ 3,555,743</u>	<u>\$10,724,997</u>	

The Condensed Statement of Activities presents revenues, expenses, and changes in net assets separately for governmental activities and business-type activities. The condensed format allows for presentation of Program Revenues (Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions) followed by a listing of General Revenues to support the Town's overall governmental or business-type activities. Expenses are presented on a functional basis.

## TOWN OF DELHI, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis (Continued)

As noted above, there are two categories of revenues on the Statement of Activities – “Program Revenues” and “General Revenues”. “Program revenues derive directly from the program itself or from parties outside the Town’s taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government’s “General Revenues”. Program Revenues” are further divided into Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions. The major revenues in governmental activities for the Town in the Charges for Services sub-category are \$208,925 for police and court fines, \$165,392 for garbage collection, and \$125,935 for occupational licenses for the fiscal year ended September 30, 2006, and \$374,405 for police and court fines, \$160,897 for garbage collection, and \$112,947 for occupational licenses for the fiscal year ended September 30, 2005. Revenues in the Operating Grants and Contributions sub-category consist of \$17,580 and \$20,400 for the fiscal years ended September 30, 2006 and 2005, respectively. The revenues required to be reported provided for supplemental police pay, with the balance consisting primarily of intergovernmental grants for law enforcement, reimbursement for highway maintenance, and fire insurance rebates. The final category of Capital Grants and Contributions consists of revenues received in connection with a Louisiana Department of Agriculture and Forestry Grant of \$25,000 for the fiscal year ended September 30, 2006. The Town received for the fiscal year ended September 30, 2005, a Louisiana Richland Enterprise Fund Grant of \$25,000, and \$50,000 for the improvement and renovation of the Cave Theatre.

“General Revenues” include all revenues not required to be reported as “Program Revenues”. All taxes are to be reported by type. The major tax revenues for the Town of Delhi are sales tax revenues of \$603,238, property taxes of \$119,652, and franchise taxes of \$78,639 for the year ended September 30, 2006. The major tax revenues for the year ended September 30, 2005, are sales tax revenues of \$501,096, property taxes of \$113,326, and franchise taxes of \$73,946. Other “General Revenues” reported include interest income and miscellaneous revenues.

“Program Expenses” for the governmental funds are presented in the above Condensed Statement of Activities by function and total \$1,680,067 and \$1,773,018 (including interest on long-term debt) for the fiscal years ended September 30, 2006 and 2005, respectively.

Business-Type Activities provided by the Town of Delhi consists of water and sewer utilities. All revenues are in the category of “Program Revenues”, with the exceptions of interest income and miscellaneous income reported as “General Revenue”. “Program Revenues” in the Charges for Services sub-category consists of billings of \$588,460 for water, and \$266,289 for sewer for the year ended September 30, 2006, and \$577,757 for water, and \$262,824 for sewer for the fiscal year ended September 30, 2005.

The Town reports the total amount of expenses for operation of the utility system as \$652,127 and \$585,126 for the years ended September 30, 2006 and 2005, respectively. The “Change in Net Assets” (revenues less expenses) was \$(59,360) and \$70,986 for the fiscal years ended September 30, 2006 and 2005, respectively.

## TOWN OF DELHI, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis (Continued)Required Supplementary Information

In addition to this MD&A and the basic financial statements, this report also presents certain Required Supplementary Information. This Required Supplementary Information for the Town of Delhi includes the Budgetary Comparison Schedule for the general fund, special revenue fund, capital projects fund, and the proprietary fund. The presentation under the GASB 34 standard requires disclosure of both the original and the final budget. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized.

The Town of Delhi demonstrated legal compliance by amending its budget in accordance with provisions of the Local Government Budget Act. Actual revenues and other sources were within 5% of budgeted revenues and other sources, and actual expenditures did not exceed budgeted expenditures and other uses by 5%. No significant variations were noted from the original budget for revenues and the budget was amended as revenue sources could be more closely predicted for the fiscal year.

Capital Assets and Long-Term Debt

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2006 was \$6,203,942 and \$2,746,925, respectively, and \$6,518,670 and \$2,601,071, respectively, as of September 30, 2005. The total decrease in net investment for the governmental type activities was 4.8%, and the total increase in net business-type activities was 5.6% for the fiscal year ended September 30, 2006. The total decrease in net investment for governmental type activities and business-type activities was 4.7% and 4.5%, respectively, for the fiscal year ended September 30, 2005. The overall decrease for the Town as a whole for the fiscal years ended September 30, 2006 and 2005 was 1.9% and 4.6%, respectively. See note 3 for additional information about changes in capital assets during the fiscal year and capital assets outstanding at the end of the year.

At September 30, 2006 and 2005, the depreciable capital assets for governmental activities were 49% and 45%, respectively, depreciated. With the Town's business-type activities, 52% and 50% of the asset values were depreciated at September 30, 2006 and 2005, respectively.

The following table provides a summary of capital asset activity.

## TOWN OF DELHI, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Long-Term Debt (Continued)

	<u>Balance</u> <u>10/01/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/06</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,160	\$ -	\$ -	\$ 284,160
Other capital assets:				
Buildings	3,623,642	-	-	3,623,642
Infrastructure	6,884,478	-	-	6,884,478
Equipment	<u>1,018,386</u>	<u>42,082</u>		<u>1,060,468</u>
Totals	<u>11,810,666</u>	<u>42,082</u>		<u>11,852,748</u>
Less accumulated depreciation:				
Buildings	2,021,871	57,419	-	2,079,290
Infrastructure	2,656,581	228,346	-	2,884,927
Equipment	<u>613,544</u>	<u>71,045</u>	-	<u>684,589</u>
Total accumulated depreciation	<u>5,291,996</u>	<u>356,810</u>	-	<u>5,648,806</u>
Governmental activities, capital assets, net	<u>\$ 6,518,670</u>	<u>\$( 314,728)</u>	<u>\$ -</u>	<u>\$ 6,203,942</u>
	<u>Balance</u> <u>10/01/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/06</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,718	\$ -	\$ -	\$ 5,718
Construction in progress	-	258,756	-	258,756
Other capital assets:				
Buildings	246,871	1,127	-	247,998
Infrastructure	4,458,004	-	-	4,458,004
Equipment	<u>459,675</u>	<u>4,365</u>	-	<u>464,040</u>
Totals	<u>5,170,268</u>	<u>264,248</u>	-	<u>5,434,516</u>
Less accumulated depreciation:				
Buildings	199,219	5,895	-	205,114
Infrastructure	1,923,934	101,665	-	2,025,599
Equipment	<u>446,044</u>	<u>10,834</u>	-	<u>456,878</u>
Total accumulated depreciation	<u>2,569,197</u>	<u>118,394</u>	-	<u>2,687,591</u>
Business-type activities, capital assets, net	<u>\$ 2,601,071</u>	<u>\$ 145,854</u>	<u>\$ -</u>	<u>\$ 2,746,925</u>

## TOWN OF DELHI, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Long-Term Debt (Continued)

	Balance 10/01/04	Additions	Deletions	Balance 09/30/05
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,160	\$ -	\$ -	\$ 284,160
Other capital assets:				
Buildings	3,623,642	-	-	3,623,642
Infrastructure	6,884,478	-	-	6,884,478
Equipment	<u>1,003,365</u>	<u>46,531</u>	<u>( 31,510)</u>	<u>1,018,386</u>
Totals	<u>11,795,645</u>	<u>46,531</u>	<u>( 31,510)</u>	<u>11,810,666</u>
Less accumulated depreciation:				
Buildings	1,964,452	57,419	-	2,021,871
Infrastructure	2,423,884	232,697	-	2,656,581
Equipment	<u>564,231</u>	<u>79,614</u>	<u>30,301</u>	<u>613,544</u>
Total accumulated depreciation	<u>4,952,567</u>	<u>369,730</u>	<u>30,301</u>	<u>5,291,996</u>
Governmental activities, capital assets, net	<u>\$ 6,843,078</u>	<u>\$( 323,199)</u>	<u>\$( 1,209)</u>	<u>\$ 6,518,670</u>
	Balance 10/01/04	Additions	Deletions	Balance 09/30/05
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,718	\$ -	\$ -	\$ 5,718
Other capital assets:				
Buildings	246,871	-	-	246,871
Infrastructure	4,458,004	-	-	4,458,004
Equipment	<u>458,326</u>	<u>1,349</u>	<u>-</u>	<u>459,675</u>
Totals	<u>5,168,919</u>	<u>1,349</u>	<u>-</u>	<u>5,170,268</u>
Less accumulated depreciation:				
Buildings	193,222	5,997	-	199,219
Infrastructure	1,819,405	104,529	-	1,923,934
Equipment	<u>433,564</u>	<u>12,480</u>	<u>-</u>	<u>446,044</u>
Total accumulated depreciation	<u>2,446,191</u>	<u>123,006</u>	<u>-</u>	<u>2,569,197</u>
Business-type activities, capital assets, net	<u>\$ 2,722,728</u>	<u>\$(121,657)</u>	<u>\$ -</u>	<u>\$ 2,601,071</u>

## TOWN OF DELHI, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Long-Term Debt (Continued)

At the end of the fiscal years ended September 30, 2006 and 2005, the Town had total certificates of indebtedness outstanding of \$455,000 and \$596,000, respectively. Pledged sales tax collections support \$455,000, of outstanding certificates of indebtedness. The Town had total bond indebtedness for the fiscal years ended September 30, 2006 and 2005, in the amount of \$272,322 and \$0, respectively. Pledged sewer collections support \$272,322 of outstanding bond indebtedness. During the year ended September 30, 2006, the Town approved a sewer rate increase as a condition of the sewer revenue bonds that were issued. On the total outstanding bonds, \$375,535 in interest costs will be incurred over the next 5 years. See note 5 for additional information about the Town's long-term debt.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town's clerk at Town of Delhi, Louisiana.

Lynn Lewis  
Mayor



## BASIC FINANCIAL STATEMENTS

TOWN OF DELHI, LOUISIANA  
STATEMENT OF NET ASSETS  
AS OF SEPTEMBER 30, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 698,931	\$ 48,434	\$ 747,365
Investments	723,340	384,481	1,107,821
Receivables	112,109	132,382	244,491
Accrued interest	3,511	4,476	7,987
Internal balances	(98,926)	98,926	-
Prepaid items	7,989	-	7,989
Other assets	10	-	10
Total Current Assets	<u>1,446,964</u>	<u>668,699</u>	<u>2,115,663</u>
Non-Current Assets:			
Restricted Assets:			
Cash and Cash Equivalents	42,250	267,269	309,519
Investments	176,634	180,128	356,762
Capital Assets:			
Non-depreciable	284,160	5,718	289,878
Depreciable (Net)	5,919,782	2,741,207	8,660,989
Total Non-Current Assets	<u>6,422,826</u>	<u>3,194,322</u>	<u>9,617,148</u>
Total Assets	<u>7,869,790</u>	<u>3,863,021</u>	<u>11,732,811</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts and other payables	63,392	33,218	96,610
Deposits due others	-	61,098	61,098
Other liabilities	17,660	-	17,660
Current portion of Bonds Payable	146,000	1,277	147,277
Total Current Liabilities	<u>227,052</u>	<u>95,593</u>	<u>322,645</u>
Non-Current Liabilities:			
Bonds Payable after one year	309,000	271,045	580,045
Total Non-Current Liabilities	<u>309,000</u>	<u>271,045</u>	<u>580,045</u>
Total Liabilities	<u>536,052</u>	<u>366,638</u>	<u>902,690</u>
<b>NET ASSETS</b>			
Invested in Capital Assets (net of related debt)	5,748,942	2,474,603	8,223,545
Restricted for:			
Community development	122,316	-	122,316
Debt Service	54,318	225,984	280,302
Other purposes	42,250	221,413	263,663
Unrestricted (Deficit)	1,365,912	574,383	1,940,295
Total Net Assets	<u>\$ 7,333,738</u>	<u>\$ 3,496,383</u>	<u>\$ 10,830,121</u>

The accompanying notes are an integral part of this statement.

TOWN OF DELHI, LOUISIANA  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED SEPTEMBER 30, 2006

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS		
	EXPENSES	FEES, FINES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 998,297	\$ 293,281	\$ 15,000	\$ 25,000	\$ (665,016)	\$ -	\$ (665,016)
Public safety:							
Police	381,839	208,925	17,580	-	(155,334)	-	(155,334)
Fire	25,993	-	9,758	-	(16,235)	-	(16,235)
Public works	33,000	-	-	-	(33,000)	-	(33,000)
Streets	224,071	-	6,220	-	(217,851)	-	(217,851)
Interest on long-term debt	16,867	-	-	-	(16,867)	-	(16,867)
Total governmental activities	1,680,067	502,206	48,558	25,000	(1,104,303)	-	(1,104,303)
Business-type activities:							
Water and Sewer	652,127	876,749	-	-	-	224,622	224,622
Total business-type activities	652,127	876,749	-	-	-	224,622	224,622
<b>Total primary government</b>	<b>\$ 2,332,194</b>	<b>\$ 1,378,955</b>	<b>\$ 48,558</b>	<b>\$ 25,000</b>	<b>\$ (1,104,303)</b>	<b>\$ 224,622</b>	<b>\$ (879,681)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes		\$ 119,652			\$ 119,652	\$ -	\$ 119,652
Franchise taxes		78,639			78,639	-	78,639
Sales taxes		603,238			603,238	-	603,238
Miscellaneous		60,969			60,969	588	61,557
Rent income		55,800			55,800	-	55,800
Interest earned		45,584			45,584	20,335	65,919
Transfers		304,905			304,905	(304,905)	-
Total General Revenues and Transfers		1,268,787			1,268,787	(283,982)	984,805
Change in Net Assets		164,484			164,484	(59,360)	105,124
Net Assets - Beginning of Year		7,169,254			7,169,254	3,555,743	10,724,997
Net Assets - End of the Year		\$ 7,333,738			\$ 7,333,738	\$ 3,496,383	\$ 10,830,121

The accompanying notes are an integral part of this statement.

TOWN OF DELHI, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2006

	General Fund	Sales Tax Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 59,599	\$ 639,332	\$ 698,931
Investments	427,496	295,844	723,340
Receivables:			
Accrued interest	2,913	598	3,511
Franchise fees	22,446	-	22,446
Fine revenue	28,668	-	28,668
Sales tax	-	48,618	48,618
Other	12,377	-	12,377
Due from other funds	173,983	5,918	179,901
Prepaid items	7,989	-	7,989
Restricted Assets:			
Cash and cash equivalents	42,250	-	42,250
Investments	122,316	54,318	176,634
Other assets	10	-	10
<b>TOTAL ASSETS</b>	<b>\$ 900,047</b>	<b>\$ 1,044,628</b>	<b>\$ 1,944,675</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts and other payables	\$ 59,231	\$ 4,161	\$ 63,392
Payroll liabilities payable	3,038	25	3,063
Escrow for Friends of Cave	744	-	744
Escrow for Police Department Fire	10,394	-	10,394
Due to retirement systems	3,235	224	3,459
Due to other funds	104,844	173,983	278,827
<b>TOTAL LIABILITIES</b>	<b>181,486</b>	<b>178,393</b>	<b>359,879</b>
<b>FUND EQUITY</b>			
Fund balance			
Reserved for streets, drainage and other capital improvements	-	15,138	15,138
Reserved for recreation improvements	-	39,180	39,180
Reserved per sales tax ordinance	-	811,917	811,917
Unreserved			
Designated for community and economic development	164,566	-	164,566
Undesignated	553,995	-	553,995
<b>TOTAL FUND EQUITY</b>	<b>718,561</b>	<b>866,235</b>	<b>1,584,796</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 900,047</b>	<b>\$ 1,044,628</b>	<b>\$ 1,944,675</b>

The accompanying notes are an integral part of this statement.

TOWN OF DELHI, LOUISIANA  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE GOVERNMENT - WIDE FINANCIAL STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2006

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balances for governmental funds at September 30, 2006	\$ 1,584,796
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consists of:

Land	284,160	
Buildings, net of \$2,079,290 accumulated depreciation	1,544,352	
Equipment, net of \$684,589 accumulated depreciation	375,879	
Infrastructure, net of \$2,884,927 accumulated depreciation	3,999,551	6,203,942

Long term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Certificates of indebtedness payable	(455,000)
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Net Assets of Governmental Activities	\$ 7,333,738
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The accompanying notes are an integral part of this statement.

TOWN OF DELHI, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	General Fund	Sales Tax Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues:</b>					
<b>Taxes:</b>					
Ad valorem	\$ 119,652	\$ -	\$ -	\$ -	\$ 119,652
Sales and use	-	603,238	-	-	603,238
Other taxes, penalties, interest, etc.	78,639	-	-	-	78,639
Licenses and permits	127,889	-	-	-	127,889
<b>Intergovernmental revenues:</b>					
State Funds:					
Transportation funds	6,220	-	-	-	6,220
Parish insurance rebates	9,758	-	-	-	9,758
Grants	25,000	-	-	-	25,000
Police supplemental pay	17,580	-	-	-	17,580
Fines	208,925	-	-	-	208,925
Garbage collection	165,392	-	-	-	165,392
Investment earnings	17,480	28,104	-	-	45,584
Other revenues	99,453	32,315	-	-	131,768
<b>Total Revenues</b>	<b>875,988</b>	<b>663,657</b>	<b>-</b>	<b>-</b>	<b>1,539,645</b>
<b>Expenditures:</b>					
General government	531,451	110,036	-	-	641,487
Public safety	407,832	-	-	-	407,832
Public works	-	24,948	8,052	-	33,000
Streets	224,071	-	-	-	224,071
Capital outlay	34,631	7,450	-	-	42,081
Debt service	-	-	-	141,000	141,000
Principal	-	-	-	16,867	16,867
Interest	-	-	-	157,867	157,867
<b>Total Expenditures</b>	<b>1,197,965</b>	<b>142,434</b>	<b>8,052</b>	<b>315,734</b>	<b>1,506,338</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(321,977)</b>	<b>521,223</b>	<b>(8,052)</b>	<b>(157,867)</b>	<b>33,307</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	365,000	-	8,052	157,867	530,919
Transfers out	-	(226,014)	-	-	(226,014)
<b>Total Other Financing Sources and Uses</b>	<b>365,000</b>	<b>(226,014)</b>	<b>8,052</b>	<b>157,867</b>	<b>304,905</b>
<b>Net Change in Fund Balance</b>	<b>43,003</b>	<b>295,209</b>	<b>-</b>	<b>-</b>	<b>338,212</b>
<b>Fund balances - beginning</b>	<b>675,558</b>	<b>571,026</b>	<b>-</b>	<b>-</b>	<b>1,246,584</b>
<b>Fund balances - ending</b>	<b>\$ 718,561</b>	<b>\$ 866,235</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,584,796</b>

The accompanying notes are an integral part of this statement.

TOWN OF DELHI, LOUISIANA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Changes in Fund Balances, Total Governmental Funds	\$	338,212
Rounding		1

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	42,081	
Depreciation expense for the year ended September 30, 2006	<u>(356,810)</u>	(314,729)

Bond payable principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		<u>141,000</u>
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Change in net assets of governmental activities	\$	<u><u>164,484</u></u>
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The accompanying notes are an integral part of this statement.

TOWN OF DELHI, LOUISIANA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2006

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 48,434
Investments	384,481
Receivables	132,382
Accrued interest	4,476
Due From Other Funds	98,926
Total Current Assets	<u>668,699</u>

**Non-Current Assets:**

**Restricted Assets:**

Cash and Cash Equivalents	267,269
Investments	180,128

**Capital Assets:**

Non-depreciable	5,718
Depreciable (Net)	<u>2,741,207</u>
Total Non-Current Assets	<u>3,194,322</u>
Total Assets	<u>3,863,021</u>

**LIABILITIES**

**Current Liabilities:**

Accounts and other payables	33,218
Deposits due others	61,098
Current portion of bonds payable	1,277
Total Current Liabilities	<u>95,593</u>

**Non-Current Liabilities:**

Bonds Payable after one year	<u>271,045</u>
Total Non-Current Liabilities	<u>271,045</u>
Total Liabilities	<u>366,638</u>

**NET ASSETS**

Invested in Capital Assets (net of related debt)	2,474,603
Restricted for:	
Debt Service	225,984
Other purposes	221,413
Unrestricted (Deficit)	574,383
Total Net Assets	<u>\$ 3,496,383</u>

The accompanying notes are an integral part of this statement.



TOWN OF DELHI, LOUISIANA  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR YEAR ENDED SEPTEMBER 30, 2006

	Business-type Activities Enterprise Funds <u>Water System</u>
Operating Revenues	
User Charges	\$ 874,799
Fees	1,950
Other	588
Total Operating Revenues	<u>877,337</u>
Operating Expenses	
Salaries, Wages and Employee Benefits	227,680
Contractual Services, Materials and Supplies	76,003
Depreciation Expense	118,394
Insurance and Other Expenses	230,050
Total Operating Expenses	<u>652,127</u>
Operating Income (Loss)	<u>225,210</u>
Non-Operating Revenues (Expenses)	
Income on Investments	20,335
Total Non-Operating Revenues (Expenses)	<u>20,335</u>
Income (Loss) Before Transfers	<u>245,545</u>
Transfers In	5,095
Transfers (Out)	<u>(310,000)</u>
	<u>(304,905)</u>
Change in Net Assets	(59,360)
Net Assets - Beginning	<u>3,555,743</u>
Net Assets - Ending	<u><u>\$ 3,496,383</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF DELHI, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Business-Type Activities Enterprise Funds Water System
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 849,772
Payments to suppliers	(323,693)
Payments to employees	(190,879)
Other receipts	588
Net Cash Provided by Operating Activities	<u>335,788</u>
Cash Flows From NonCapital Financing Activities	
Transfers from other funds	5,095
Transfers to other funds	(329,884)
Net Cash Used by NonCapital Financing Activities	<u>(324,789)</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds of bond payable	272,322
Purchases of capital assets	(264,248)
Net Cash Provided by Capital and Related Financing Activities	<u>8,074</u>
Cash Flows From Investing Activities	
Purchase of investments	(17,513)
Interest on cash and investments	19,099
Net Cash Used by Investing Activities	<u>1,586</u>
Net Increase in Cash and Cash Equivalents	20,659
Cash and Cash Equivalents, Beginning of Year	295,044
Cash and Cash Equivalents, End of Year	<u>\$ 315,703</u>

The accompanying notes are an integral part of this statement.

TOWN OF DELHI, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND (Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Business-Type Activities <u>Enterprise Fund</u> <u>Water System</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 225,210
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Depreciation	118,394
Bad debts	8,714
Change in Assets and Liabilities:	
(Increase) in account receivables	(25,477)
Increase (decrease) in accounts payables	10,446
Increase (decrease) in customer deposits	(1,499)
Net cash provided by operating activities	<u>\$ 335,788</u>
 Reconciliation of Total Cash and Cash Equivalents:	
Current Assets - Cash and Cash Equivalents	\$ 48,434
Restricted Assets - Cash and Cash Equivalents	267,269
Total cash and cash investments	<u>\$ 315,703</u>

The accompanying notes are an integral part of this statement.

## TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Delhi (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Town was incorporated under the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. This report includes all funds that are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body and other general oversight responsibility.

B. Government-Wide and Fund Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

## TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006(1) Summary of Significant Accounting Policies (Continued)B. Government-Wide and Fund Financial Statements (Continued)

The accounts of the Town are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type: and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

**General Fund** - This fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Funds** - These funds are used to account for the accumulation of resources for, and the payments of, general long-term debt principal, interest and related costs.

**Capital Projects Funds** - These funds are used to account for the financial resources used for the acquisition or construction of major capital facilities.

Proprietary Fund

**Enterprise Fund** - This fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

## TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006(1) Summary of Significant Accounting Policies (Continued)B. Government-Wide and Fund Financial Statements (Continued)Proprietary Fund (Continued)

The Enterprise Fund (Water System) is accounted for on a cost of services or "capital maintenance" basis. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet. Its reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due with the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

## TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006(1) Summary of Significant Accounting Policies (Continued)C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when the liability is incurred or economic asset used.

D. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In the month of September, the Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at Town Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, the Board of Aldermen must approve any revisions that alter the total expenditures of any fund. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Budgeted amounts are as originally adopted and amended by the Board of Aldermen.
7. All budgetary appropriations lapse at the end of each fiscal year; however, unexpended fund balances are used to fund expenditures of subsequent years.

Budgets for the General, Special Revenue and Proprietary Fund Type funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

## TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED SEPTEMBER 30, 2006(1) Summary of Significant Accounting Policies (Continued)E. Cash and Investments

*Custodial credit risk – deposits* The custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The town's policy to ensure there is not exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the Town had not custodial credit risk related to its deposits at September 30, 2006.

At September 30, 2006, the Town's cash was made up of petty cash of \$275, checking and savings accounts of \$918,959 and certificates of deposit maturing in 3 months or less of \$137,650, for a total of \$1,056,884. Cash included in this total of \$309,518 is restricted and is shown as such on the Statement of Net Assets.

The Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

*Custodial credit risk – investments* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments in United States government securities are held by the Town's agent in the Town's name. Therefore, the Town had no custodial credit risk related to its investments at September 30, 2006.

Statutes allow the Town to invest in bank savings accounts and certificates of deposit provided the bank adequately collateralizes them. The Town had a total in certificates of deposit, which had maturities of more than three months, of \$1,464,583. Certificates of deposit in this total of \$356,763 are restricted and are shown as such on the Combined Balance Sheet - All Funds Types and Account Groups.

The Town's cash is secured by federal depository insurance of up to \$100,000 per financial institution plus collateral held by the pledging banks or their agents with a market value of \$1,797,958 (see schedule as follows).



## TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006(1) Summary of Significant Accounting Policies (Continued)E. Cash and Investments (Continued)

As of September 30, 2006 the Town was fully collateralized.

	<u>Cash Equivalents</u>		<u>Certificates of Deposit</u>	<u>Certificates of Deposit</u>	<u>Total</u>
	<u>Cash</u>	<u>Certificates of Deposit</u>			
At September 30, 2006 Carrying Amount on Balance Sheet	<u>\$ 919,234</u>	<u>\$ 137,650</u>	<u>\$1,464,583</u>		<u>\$2,521,467</u>
<u>Bank Balances:</u>					
a: Insured (FDIC) or collateralized with securities held by the entity or its agent <u>in the entity's name</u>	<u>212,855</u>	<u>102,537</u>	<u>407,842</u>		<u>723,234</u>
b: Collateralized with securities held by pledging financial institution's trust department or agent <u>in the entity's name</u>	<u>706,104</u>	<u>35,113</u>	<u>1,056,741</u>		<u>1,797,958</u>
c: Uncollateralized, including any securities held for the entity but <u>not in the entity's name</u>	<u>275</u>	<u>-</u>	<u>-</u>		<u>275</u>
Total Bank Balances	<u>\$ 919,234</u>	<u>\$ 137,650</u>	<u>\$ 1,464,583</u>		<u>\$2,521,467</u>

*Interest rate risk* In accordance with its investment policy, the Town manages its exposure to declines in fair market values by limiting investment portfolio to creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer term securities are utilized, the general use of long-term securities is avoided.

*Credit risk* The Town's investment policy limits investments to fully insured and/or fully collateralized certificates of deposits and direct and indirect obligations of U.S. government agencies.

*Concentration of credit risk* The Town's investment policy limits the Town's investments instruments to: 1) certificates of deposit; 2) certain direct obligations of the U.S Government; 3) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America; and 4) the Louisiana Asset Management Pool.

## TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006(1) Summary of Significant Accounting Policies (Continued)F. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables is recorded due to immateriality at September 30, 2006. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

G. Bad Debts

Uncollectible receivables for ad valorem taxes and utilities are recognized when incurred by direct write-off. Although this is a departure from generally accepted accounting principles, historically such amounts have been immaterial.

H. Stewardship, Compliance and Accountability

Excess of expenditures over appropriations: The General Fund and Proprietary Fund expenditures were in excess of budgeted appropriations, but did not exceed 5%.

I. On Behalf of Payments for Salaries

Included in the General Fund financial statements are amounts paid by the State of Louisiana as supplemental salaries to the Town's policemen. The payments of \$17,580 are included on the financial statement as Revenue and Public Safety Expenditures.

(2) Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable December 31. The Town bills and collects its own property taxes. Town property tax revenues are recognized when levied to the extent that they result in current receivables.

The Town is permitted by the Municipal Finance Law of the state to levy taxes up to 10.24 mills on the total assessed value for the Town for governmental services other than the payment of principal and interest on long-term debt and in required amounts for the payment of principal and interest on long-term debt.

For the year ended September 30, 2006 taxes of 10.02 mills were levied on property with assessed valuations totaling \$11,952,332 for a total of \$119,762. The taxes were dedicated as follows:

General corporate purposes	<u>10.02</u> mills
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## TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006(3) Capital Assets

Capital assets and depreciation activity as of and for the year ended September 30, 2006 for the primary government is as follows:

	Balance 10/01/05	Additions	Deletions	Balance 09/30/06
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,160	\$ -	\$ -	\$ 284,160
Other capital assets:				
Buildings	3,623,642	-	-	3,623,642
Infrastructure	6,884,478	-	-	6,884,478
Equipment	<u>1,018,386</u>	<u>42,082</u>	-	<u>1,060,468</u>
Totals	<u>11,810,666</u>	<u>42,082</u>	-	<u>11,852,748</u>
Less accumulated depreciation:				
Buildings	2,021,871	57,419	-	2,079,290
Infrastructure	2,656,581	228,346	-	2,884,927
Equipment	<u>613,544</u>	<u>71,045</u>	-	<u>684,589</u>
Total accumulated depreciation	<u>5,291,996</u>	<u>356,810</u>	-	<u>5,648,806</u>
Governmental activities, capital assets, net	<u>\$ 6,518,670</u>	<u>\$ ( 314,728)</u>	<u>\$ -</u>	<u>\$ 6,203,942</u>
	Balance 10/01/05	Additions	Deletions	Balance 09/30/06
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,718	\$ -	\$ -	\$ 5,718
Construction in progress	-	258,756	-	258,756
Other capital assets:				
Buildings	246,871	1,127	-	247,998
Infrastructure	4,458,004	-	-	4,458,004
Equipment	<u>459,675</u>	<u>4,365</u>	-	<u>464,040</u>
Totals	<u>5,170,268</u>	<u>264,248</u>	-	<u>5,434,516</u>
Less accumulated depreciation:				
Buildings	199,219	5,895	-	205,114
Infrastructure	1,923,934	101,665	-	2,025,599
Equipment	<u>446,044</u>	<u>10,834</u>	-	<u>456,878</u>
Total accumulated depreciation	<u>2,569,197</u>	<u>118,394</u>	-	<u>2,687,591</u>
Business-type activities, capital assets, net	<u>\$ 2,601,071</u>	<u>\$ 145,854</u>	<u>\$ -</u>	<u>\$ 2,746,925</u>

## TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006(3) Capital Assets (Continued)

Depreciation is computed on capital assets based on the estimated useful lives of the assets. The straight-line method with no salvage value is used. Buildings and improvements are depreciated over 20 - 40 years; water and sewer plant and related lines are depreciated over 25 - 50 years; all other equipment is depreciated over 5 - 15 years. Depreciation expense of \$475,204 for the year ended September 30, 2006 was charged to the following governmental functions:

Governmental activities:	
General government	<u>\$ 356,810</u>
Business-type activities:	
Water	<u>\$ 118,394</u>

(4) Accounts, Salaries, and Other Payables

The payables of \$114,270 at September 30, 2006 are as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 66,455	\$ 33,218	\$ 99,673
Other liabilities	14,597	-	14,597
Totals	<u>\$ 81,052</u>	<u>\$ 33,218</u>	<u>\$ 114,270</u>

(5) Certificates of Indebtedness and Bond Indebtedness

On August 23, 1999, the Town received \$1,300,000 from certificates issued to Bank One for the purpose of funding the costs of acquiring, constructing, and improving streets, drainage and other capital facilities. The balance on these certificates in the amount of \$865,000, were refunded through Hancock Bank of Louisiana on April 13, 2004, at a rate of 2.83%. Annual payment requirements on these refunding certificates are as follows:

<u>September 30</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Debt Service</u>
2007	\$ 12,876	\$ 146,000	\$ 158,876
2008	8,745	152,000	160,745
2009	4,443	157,000	161,443
2010	-	-	-
2011	-	-	-
	<u>\$ 26,064</u>	<u>\$ 455,000</u>	<u>\$ 481,064</u>

## TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006(5) Certificates of Indebtedness and Bond Indebtedness (Continued)

On August 1, 2006, the Town issued sewer revenue bonds in the amount of \$1,523,000 for the purpose of funding sewerage system improvements. As of September 30, 2006, the Town had received advances in the amount of \$272,322. The bonds are payable over forty years at a rate of 4.25%. Interest only in the amount of \$64,728 is due August 1, 2007. Monthly installments of principal and interest in the amount of \$6,671 are scheduled to begin September 1, 2007. Annual payment requirements on the sewer revenue bonds are as follows:

<u>September 30</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Debt Service</u>
2007	\$ 70,122	\$ 1,277	\$ 71,399
2008	64,370	15,679	80,049
2009	63,691	16,358	80,049
2010	62,982	17,067	80,049
2011	62,242	17,807	80,049
2012-2016	300,433	99,812	400,245
2017-2021	276,843	123,402	400,245
2022-2026	247,683	152,562	400,245
2027-2031	211,632	188,613	400,245
2032-2036	167,063	233,182	400,245
2037-2041	111,962	288,283	400,245
2042-2046	24,611	368,958	393,569
	<u>\$ 1,663,634</u>	<u>\$ 1,523,000</u>	<u>\$3,186,634</u>

(6) Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at September 30, 2006 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 173,983	\$ 104,844
Special Revenue Funds	5,918	173,983
Proprietary Fund	98,926	-
	<u>\$ 278,827</u>	<u>\$ 278,827</u>

## TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006(7) Sales Taxes½ Cent Sales Tax

On July 15, 1980, a resolution was adopted for a ½ cent sales tax for the Town. On September 13, 1980, a special election was held to vote on the proposed sales tax. The sales tax was adopted by a vote of 523 to 404 and became effective November 1, 1980, for ten years. It was renewed on November 6, 1990 for ten years and again on November 3, 1998 for an additional ten-year period. The revenue from this sales tax is dedicated as follows:

1. The first \$60,000 is dedicated to the maintenance, operation and addition to the Town's recreational facilities.

½ Cent Sales Tax

2. After satisfaction of the above, funds can be used in any of the areas listed below:
  - A. Street, sidewalk, bridge, and alley maintenance and improvement
  - B. Street light maintenance
  - C. Garbage collection
  - D. Police department
  - E. Fire department
  - F. Public parks
  - G. Airport
  - H. Real estate and equipment acquisition as related to the above

1 Cent Sales Tax

On October 7, 1989, the voters of the Town approved a 1 cent sales tax that became effective January 1, 1990 for a period of ten years. On November 3, 1998 the tax was renewed for an additional ten years. The revenue from this tax is dedicated to streets, drainage and other capital improvements.

(8) Risk of Loss

The Town is exposed to a variety of risks that may result in losses. These risks may include possible loss from acts of God, injury to employees, property damage, or breach of contract. The Town finances these potential losses through purchasing insurance from several commercial companies, as well as self-insuring physical damage on its automobiles. The level of coverage has remained constant. The Town is not a member of a risk pool. All claims currently filed are adequately covered by the policies in place with no outstanding liabilities for the Town.

(9) Contingent Liabilities

Under the Town's personnel policies, all unused vacation and sick leave lapse as of September 30. Therefore, no accrual is necessary for compensated absences.

**REQUIRED SUPPLEMENTAL INFORMATION – PART II**

TOWN OF DELHI, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
<b>Revenues:</b>				
<b>Taxes:</b>				
Ad valorem	\$ 110,000	\$ 110,000	\$ 119,652	\$ 9,652
Other taxes, penalties, interest, etc.	50,000	50,000	78,639	28,639
Licenses and permits	120,000	120,000	127,889	7,889
<b>Intergovernmental revenues:</b>				
<b>State Funds:</b>				
Transportation funds	7,800	6,500	6,220	(280)
Parish insurance rebates	8,000	8,000	9,758	1,758
Grants	-	-	25,000	25,000
Police supplemental pay	-	-	17,580	17,580
<b>Fines</b>	375,500	219,000	208,925	(10,075)
<b>Garbage collection</b>	180,000	174,000	165,392	(8,608)
<b>Investment earnings</b>	3,000	3,000	17,480	14,480
<b>Other revenues</b>				
Royalties	2,500	2,500	3,262	762
Rent	43,812	59,612	55,800	(3,812)
Community Center/Country Club	3,000	3,000	4,124	1,124
Civic Center	10,000	10,000	11,900	1,900
Hanna House	1,500	1,500	2,390	890
Grants	-	-	15,000	15,000
Miscellaneous	1,500	1,500	6,977	5,477
<b>Total Revenues</b>	<u>916,612</u>	<u>768,612</u>	<u>875,988</u>	<u>107,376</u>
<b>Expenditures:</b>				
<b>General government:</b>				
Professional Fees	52,400	52,400	52,490	(90)
Utilities	17,100	17,500	18,375	(875)
Administrative	12,000	21,500	15,021	6,479
Public Facilities	46,959	50,500	52,534	(2,034)
Insurance	86,700	86,700	83,960	2,740
Employment Taxes	37,593	37,593	36,810	783
Other Administrative Expenses	23,000	23,000	18,749	4,251
Salaries	78,795	78,795	78,660	135
Retirements	6,069	7,300	7,630	(330)
Waste Management	145,000	145,000	148,896	(3,896)
Livestock Show	-	18,000	8,971	9,029
State Election Expense	-	-	7,355	(7,355)
Alcoa Disbursement	-	2,000	2,000	-
<b>Total General Government Expenditures</b>	<u>\$ 505,616</u>	<u>\$ 540,288</u>	<u>\$ 531,451</u>	<u>\$ 8,837</u>

The accompanying notes are an integral part of this statement.



TOWN OF DELHI, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Expenditures: (Continued)				
Public safety:				
Police:				
Salaries	\$ 262,410	\$ 262,410	\$ 265,201	\$ (2,791)
Auto	56,750	56,750	43,640	13,110
Administrative	21,000	25,000	19,894	5,106
Supplies	9,000	9,000	8,391	609
Prisoner care	21,000	21,000	18,755	2,245
Retirement	14,317	14,317	12,478	1,839
Police Training	6,000	6,000	4,430	1,570
Uniforms	4,000	4,000	2,780	1,220
Informant Fees	-	-	-	-
Animal Pound	-	-	6,120	(6,120)
Grant Expense	-	-	150	(150)
Total Police Expenditures	<u>394,477</u>	<u>398,477</u>	<u>381,839</u>	<u>16,638</u>
Fire:				
Auto	5,450	5,450	4,282	1,168
Volunteers	13,200	13,200	13,200	-
Telephone	1,400	1,400	1,101	299
Supplies	7,250	7,250	7,410	(160)
Total Fire Expenditures	<u>27,300</u>	<u>27,300</u>	<u>25,993</u>	<u>1,307</u>
Total Public Safety Expenditures	<u>421,777</u>	<u>425,777</u>	<u>407,832</u>	<u>17,945</u>
Streets:				
Utilities	41,000	41,000	42,431	(1,431)
Administrative	3,000	3,000	1,809	1,191
Salaries	133,860	133,860	126,800	7,060
Retirement	10,375	10,375	9,828	547
Equipment repair	17,500	17,500	13,330	4,170
Oil and gas	17,500	17,500	14,771	2,729
Supplies	6,000	6,150	6,429	(279)
Mosquito control	7,000	8,300	8,673	(373)
Total Streets Expenditures	<u>\$ 236,235</u>	<u>\$ 237,685</u>	<u>\$ 224,071</u>	<u>\$ 13,614</u>

The accompanying notes are an integral part of this statement.

TOWN OF DELHI, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Expenditures: (Continued)				
Capital outlay				
General government	\$ 5,000	\$ 23,500	\$ 24,582	\$ (1,082)
Public safety:				
Police	18,000	-	-	-
Fire	7,250	7,250	7,250	-
Streets	6,000	6,000	2,799	3,201
Total Capital Outlay	<u>38,250</u>	<u>36,750</u>	<u>34,631</u>	<u>2,119</u>
Total Expenditures	<u>1,199,878</u>	<u>1,240,500</u>	<u>1,197,985</u>	<u>42,515</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(283,266)</u>	<u>(471,888)</u>	<u>(321,997)</u>	<u>(149,891)</u>
Other Financing Sources (Uses)				
Transfers in	285,266	285,266	365,000	79,734
Transfers out	-	-	-	-
Total Other Financing Sources and Uses	<u>285,266</u>	<u>285,266</u>	<u>365,000</u>	<u>79,734</u>
Net Change in Fund Balance	2,000	(186,622)	43,003	<u>\$ (70,157)</u>
Fund balances - beginning	564,379	477,489	675,558	
Fund balances - ending	<u>\$ 566,379</u>	<u>\$ 290,867</u>	<u>\$ 718,561</u>	

The accompanying notes are an integral part of this statement.

TOWN OF DELHI, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND - SALES TAX FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Revenues:				
Taxes:				
Sales and use:				
Sales tax 1/2 cent	\$ 170,094	\$ 170,094	\$ 201,079	\$ 30,985
Sales tax 1 cent	340,187	340,187	402,159	61,972
Total Taxes	<u>510,281</u>	<u>510,281</u>	<u>603,238</u>	<u>92,957</u>
Investment earnings	5,000	5,000	28,104	23,104
Miscellaneous	3,000	3,000	32,315	29,315
Rent	18,000	18,000	-	(18,000)
Total Revenues	<u>536,281</u>	<u>536,281</u>	<u>663,657</u>	<u>127,376</u>
Expenditures:				
General Government:				
1/2 Cent:				
Recreation	79,775	79,775	70,856	8,919
Administration	30,000	30,000	20,725	9,275
Public Works/Safety	23,734	23,775	24,948	(1,173)
Miscellaneous	2,000	2,000	2,813	(813)
Total 1/2 Cent	<u>135,509</u>	<u>135,550</u>	<u>119,342</u>	<u>16,208</u>
1 Cent:				
Streets, Drainage & Other Capital Improvements	140,000	140,000	9,011	130,989
Sales tax commission	5,000	5,000	6,631	(1,631)
Miscellaneous	2,772	2,772	-	2,772
Total 1 Cent	<u>147,772</u>	<u>147,772</u>	<u>15,642</u>	<u>132,130</u>
Total General Government	<u>283,281</u>	<u>283,322</u>	<u>134,984</u>	<u>148,338</u>
Capital outlay	5,000	5,000	7,450	(2,450)
Total Expenditures	<u>288,281</u>	<u>288,322</u>	<u>142,434</u>	<u>145,888</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>248,000</u>	<u>247,959</u>	<u>521,223</u>	<u>273,264</u>
Other Financing Sources (Uses)				
Transfers out	(248,000)	(270,500)	(226,014)	44,486
Total Other Financing Sources and Uses	<u>(248,000)</u>	<u>(270,500)</u>	<u>(226,014)</u>	<u>44,486</u>
Net Change in Fund Balance	-	(22,541)	295,209	\$ 317,750
Fund balances - beginning	443,988	443,988	571,026	
Fund balances - ending	<u>\$ 443,988</u>	<u>\$ 421,447</u>	<u>\$ 866,235</u>	

The accompanying notes are an integral part of this statement.

TOWN OF DELHI, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Public Works	71,500	71,500	8,052	63,448
Total Expenditures	71,500	71,500	8,052	63,448
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,500)	(71,500)	(8,052)	63,448
Other Financing Sources (Uses)				
Transfers in	71,500	8,052	8,052	-
Transfers out	-	-	-	-
Total Other Financing Sources and Uses	71,500	8,052	8,052	-
Net Change in Fund Balance	-	(63,448)	-	\$ 63,448
Fund balances - beginning	350,358	350,358	-	
Fund balances - ending	\$ 350,358	\$ 286,910	\$ -	

The accompanying notes are an integral part of this statement.

TOWN OF DELHI, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
BUSINESS-TYPE ACTIVITY - WATER AND SEWER FUND  
FOR YEAR ENDED SEPTEMBER 30, 2006

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Operating Revenues				
Water System Receipts	\$ 862,371	\$ 862,371	\$ 877,337	\$ 14,966
Total Operating Revenues	<u>862,371</u>	<u>862,371</u>	<u>877,337</u>	<u>14,966</u>
Operating Expenses				
Operating Expenses	607,105	607,105	652,127	(45,022)
Total Operating Expenses	<u>607,105</u>	<u>607,105</u>	<u>652,127</u>	<u>(45,022)</u>
Operating Income (Loss)	<u>255,266</u>	<u>255,266</u>	<u>225,210</u>	<u>(30,056)</u>
Non-Operating Revenues (Expenses)				
Income on Investments	-	-	20,335	20,335
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>20,335</u>	<u>20,335</u>
Income (Loss) Before Transfers	<u>255,266</u>	<u>255,266</u>	<u>245,545</u>	<u>(9,721)</u>
Transfers In	-	-	5,095	5,095
Transfers (Out)	(255,266)	(296,000)	(310,000)	(14,000)
	<u>(255,266)</u>	<u>(296,000)</u>	<u>(304,905)</u>	<u>(8,905)</u>
Change in Net Assets	-	(40,734)	(59,360)	<u>\$ (18,626)</u>
Net Assets - Beginning	<u>2,883,030</u>	<u>2,883,030</u>	<u>3,555,743</u>	
Net Assets - Ending	<u>\$ 2,883,030</u>	<u>\$ 2,842,296</u>	<u>\$ 3,496,383</u>	

The accompanying notes are an integral part of this statement.

TOWN OF DELHI, LOUISIANA  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In the month of September, the Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at Town Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, the Board of Aldermen must approve any revisions that alter the total expenditures of any fund. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Budgeted amounts are as originally adopted and amended by the Board of Aldermen.
7. All budgetary appropriations lapse at the end of each fiscal year; however, unexpended fund balances are used to fund expenditures of subsequent years.

Budgets for the General, Special Revenue and Proprietary Fund Type funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

## OTHER SUPPLEMENTAL INFORMATION

# CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

**Certified Public Accountants**

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Lynn Lewis, Mayor,  
And the Members of the Board of Aldermen  
Delhi, Louisiana

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Delhi, Louisiana as of and for the year ended September 30, 2006, which collectively comprise the Town of Delhi, Louisiana's basic financial statements and have issued our report thereon dated January 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Delhi, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Delhi, Louisiana's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 06-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Delhi, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.



The Honorable Lynn Lewis, Mayor,  
And the Members of the Board of Aldermen  
Delhi, Louisiana  
Page 2

This report is intended solely for the information and use of management, the members of the Board of Aldermen, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.

*Cameron, Hines & Hartt (APAC)*

West Monroe, Louisiana  
January 19, 2007

TOWN OF DELHI, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

The Honorable Lynn Lewis, Mayor,  
And the Members of the Board of Aldermen  
Delhi, Louisiana

We have audited the financial statements of the Town of Delhi, Louisiana as of and for the year ended September 30, 2006, and have issued our report thereon dated January 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of September 30, 2006, resulted in an unqualified opinion.

Section I - Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness \_\_\_ yes X no Reportable Conditions X yes \_\_\_ no

Compliance

Compliance Material to Financial Statements \_\_\_ yes X no

B. Federal Awards – N/A

Internal Control

Material Weakness \_\_\_ yes \_\_\_ no Reportable Condition \_\_\_ yes \_\_\_ no

Type of Opinion on Compliance  
For Major Programs

Unqualified \_\_\_\_\_ Qualified \_\_\_\_\_  
Disclaimer \_\_\_\_\_ Adverse \_\_\_\_\_

Are there findings required to be reported in accordance with Circular A-133, Section .510 (a)?

C. Identification of Major Programs: N/A

CFDA Number(s)

Name of Federal Program (or cluster)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A

TOWN OF DELHI, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (continued)

Section II - Financial Statement Findings

**06-1 Outstanding Warrants**

Condition:

During the audit of the police department of the Town of Delhi, Louisiana, it was noted that the outstanding warrants for various traffic and other violations was very lengthy resulting in a significant accounts receivable balance. It was further noted that several of the warrants on the list had either paid or were dismissed by the judge but never removed from the outstanding fines list.

Criteria:

An outstanding warrant listing should be maintained by the police department as it does now. More steps should be taken to collect the fines outstanding so that such a large balance is not owed to the Town.

Effect:

By not collecting the outstanding fines, the Town is not collecting the revenues needed to help maintain its operations. Also, by not removing the names of warrants paid or dismissed, it could result in those individuals being arrested.

Recommendation:

The outstanding warrants listing should be updated monthly, removing the names of individuals who either paid or were dismissed by the judge.

Management's Corrective Action Plan:

A large number of the outstanding warrants are for speeding violations occurring on Interstate 20 by out of town motorists. There are few resources the police department can use when the defendant chooses to not honor their court date and live in another state. The police department will explore other ways of collecting these outstanding warrants.

Section III - There are no findings or questioned costs for Federal Awards, including those specified by OMB Circular A-133.

TOWN OF DELHI, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section I – Internal Control and Compliance Material to the Financial Statements

**05-1 Informant Fees**

Condition:

During the course of the current fiscal year, the Town of Delhi, Louisiana expended \$11,895 for informant fees paid to the Delhi Police Department. There was only minimal documentation for each payment from Town funds to the police department.

Recommendation:

Proper documentation should be kept on all money used as informant fees or for buy-bust operations.

Action Taken:

The Town of Delhi has suspended the informant fees program based upon the arrest and subsequent resignation of the police chief and the fact that the Board of Aldermen was not fully informed of this program while it was ongoing.

**05-2 Traffic Fines**

Condition:

The Louisiana State Police have concluded an investigation into the Delhi Police Department and their findings were released by the News Star, a newspaper in Monroe, LA. The investigation concluded that the police chief misappropriated \$8,376 in traffic fines and other money that should have gone to the Town of Delhi. Charges filed in the Fifth Judicial District Court accuse the police chief of taking the money on 25 occasions between March 2005 and July 2005.

Recommendation:

The police department should turn in all fines and fees collected to the Town on a daily basis with the related documentation supporting the amounts collected.

Action Taken:

The Town and police department have been working together to ensure that all fines and fees collected by the police department are remitted to the Town timely.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III – Management Letter

This section is not applicable for this entity.

TOWN OF DELHI, LOUISIANA  
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

<u>Board Member:</u>	<u>Amount</u>
Dan Tolar	\$ 200
Perry Smith	200
J.C. Smith	2,200
Shirley McDade	2,400
Mary A. McIntyre	400
W. B. Sumner	2,400
Marvin D. Hamilton	2,200
Bobby Benson	<u>2,000</u>
 Total	 <u>\$ 12,000</u>

The accompanying notes are an integral part of this statement.